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THE

RESERVE

Fred W. Fisher

MARKET ADMINISTRATOR

Market Administrator's

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Higher Dairy Reserves Recommended

The Feed Situation, Economic Research Service USDA, March 1965

Increased stocks of some dairy products were recommended by the National Agricultural Advisory Commission in its 1964 report. The large stocks of dairy products acquired under farm programs in 1961-63 have been sharply reduced, and the Commission emphasized that reserve stocks be considered for national security, assistance to allies abroad, and stability in the domestic economy.

Specific storage levels were recommended by a subcommittee of the National Advisory Commission. These proposed levels are sharply higher than current stocks of nonfat dry milk, and moderately higher for cheese and butter.

National food and defense reserves have been discussed for many years. Emphasis upon storage occurred after the droughts of 1934 and 1936, but the main object of the farm program at that time was to raise farm prices and income. Present legislation for price support and related activities does not authorize reserve stocks. However, State and local officials who handle the Agriculture Department Foods for schools, institutions, and family donation programs have

authority to use existing supplies to feed evacuees during emergencies, such as 1964 hurricanes and western floods, and if needed after the disaster, to supply foods to families returning to damaged areas, when their income has been cut off by disaster.

CCC storage operations have been large as a result of the price support function, and Congress has placed many restrictions on the sale of CCC stocks in the regular market. Storing a part of large supplies strengthens the market price, but sales in a later year depress prices, so average prices tend to level out over a period of years, according to statistical studies. A 1952 study emphasized that it would be difficult to keep enough stocks to offset more than a short period of poor crops or of high demand.

The Subcommittee considered that costs of security reserves needed above the market clearing level should be public costs. Also recommended was a task study group for a national security reserves program.

CCC inventory storage costs during recent periods are a basis for

(Continued on Back Page)





Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	
Class I (3.5%)	
Class II (3.5%)	
Class III (3.5%)	
Class IV (3.5%)	
Producer Butterfat Differential for each one-tenth percent	

April 1965	March 1965	April 1964
\$3.78	\$4.25	\$3.73
4.47	4.57	4.16
3.170	3.130	3.728
—	—	3.623
—	—	3.003
7.5¢	7.6¢	7.1¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	
Percent of Producer Butterfat in Class I	
Percent of Producer Milk in Class II	
Percent of Producer Butterfat in Class II	
Percent of Producer Milk in Class III	
Percent of Producer Butterfat in Class III	
Percent of Producer Milk in Class IV	
Percent of Producer Butterfat in Class IV	

78.7	79.3	72.8
73.6	72.8	67.9
21.3	20.7	6.2
26.4	27.2	1.7
—	—	3.2
—	—	4.3
—	—	17.8
—	—	26.1

PRODUCER MILK RECEIPTS

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Total Number of Producers	
Average Daily Receipts per Producer	
Average Butterfat Test	
Total Value of Producers Milk at Test	
Income per Producer (7 day average)	

46,055,974	47,417,628	41,344,881
1,535,199	1,529,601	1,003,279
1,654	1,667	1,344
928	918	1,025
3.78	3.84	3.77
\$2,022,187	\$2,136,366	\$1,689,506
288	\$289	\$293

GROSS CLASS USE (Pounds)

Class I Skim	
Class I Butterfat	
Class I Milk	
Class II Skim	
Class II Butterfat	
Class II Milk	

34,981,741	36,298,480	29,040,448
1,283,470	1,326,672	1,057,921
36,265,211	37,625,152	30,098,369
9,330,673	9,296,521	2,558,488
460,089	495,955	27,183
9,790,762	9,792,476	2,585,671

AVERAGE DAILY SALES (Quarts)

Milk	
Buttermilk	
Chocolate	
Skim	
Cream	

445,648	447,503	330,538
6,395	5,944	5,037
23,314	31,446	18,820
15,170	14,962	11,963
9,910	9,607	7,776

Area Extended Effective May 1, 1964

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



APRIL, 1956 - '65

Year	Receipts From Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1956	25,778,572	3.81	71.8	8.3	11.0	8.6	3.65	4.258	3.858	3.360	3.183	2,056	418
1957	24,307,929	3.77	80.8	10.9	5.6	2.7	4.07	4.57	4.17	3.49	3.07	1,899	427
1958	25,127,358	3.73	78.0	9.2	8.9	3.9	3.81	4.350	3.950	3.350	2.927	1,821	460
1959	27,016,706	3.75	83.8	8.4	2.6	5.2	3.81	4.314	3.914	3.489	2.869	1,772	508
1960	28,853,090	3.83	78.1	8.0	3.2	10.7	3.63	4.195	3.795	3.532	2.904	1,690	569
1961	28,736,091	3.80	79.2	7.5	2.1	11.2	3.79	4.328	3.928	3.729	3.119	1,243	771
1962	33,768,621	3.82	75.7	7.9	3.6	12.8	3.65	4.22	3.899	3.617	2.997	1,317	855
1963	38,742,885	3.77	74.2	7.9	4.0	13.9	3.55	4.10	3.713	3.605	2.985	1,381	935
1964	41,344,881	3.77	72.8	6.2	3.2	17.8	3.73	4.16	3.728	3.623	3.003	1,344	1,025
1965	46,055,974	3.78	78.7	21.3	—	—	3.98	4.47	3.170	—	—	1,654	928

CCC Sales of Feed Grains Increasing

The Feed Situation, Economic Research Service

Sales of feed grains by the Commodity Credit Corporation has increased sharply since December from low levels early in the marketing year. Based on weekly operating reports of the Agricultural Stabilization and Conservation Service, sales of feed grains from October 1 through March 19 totaled 8.5 million tons, compared with 5.1 million in that period a year earlier. Corn sales have increased sharply since December, bringing total sales for domestic use and export to about 232 million bushels from October 1 through March 19, 120 million more than a year earlier. The principal reason for this sharp rise in CCC corn sales is the much smaller "free" supply this year which has boosted prices to near or above the CCC legal minimum selling price. Sales of sorghum grain through March 19 totaled 64 million bushels, 4 million more than a year earlier. Since July 1, sales of barley have been much lower than last year. Sales of oats, although relatively small, are substantially above a year earlier.

Most of this year's CCC corn sales have been made against the Feed Grain Program certificate pool. From October 1 through March 19, they amounted to 161 million bushels, with most of the sales occurring during the past 3 months. Sorghum grain

sales from October through March 19, although much below the heavy sales of 1961-62 and 1962-63 were little more than doubled those made in that period of 1963-64. The combined value of feed grains made against the 1964-65 certificate pool through March 15 totaled \$214 million, \$117 million more than a year earlier.

Because of reduced CCC sales in the past 2 years, the value of the certificate pool sales continues to be only a small part of the total value of certificates earned by farmers from diversion payments and price support payments. About \$806 million were carried over in the certificate pool into 1964-65 from the 1962-63 crops. This, plus the \$1,171 million earned under the 1964 program, brings the total in the certificate pool to nearly \$2.0 billion. Sales can be made against this pool during the 1964-65 marketing year.



EUROPEAN FEED GRAIN SUPPLIES AND REQUIREMENTS

The Dairy Situation, Economic Research Service
USDA, March 1965

The demand for feed grains in Western Europe has been expanding in recent years and will continue strong in the 1964-65 feeding year. The total 1964 production of feed grains in Western Europe is estimated at 53 million tons or about 5 percent less than in 1963. The smaller Western Europe output of feed grains, together with expanding livestock and poultry production, is expected to maintain a strong demand for imported feed grains for the rest of 1964-65. U. S. exports of feed grains to Western Europe totaled 3.6 million tons during October-January, 15 percent less than a year earlier. Exports during the remainder of the marketing year probably will run somewhat higher than in that period of 1964.

Increasing production of livestock and poultry in Western Europe has been a major factor in the upward trend in imports of feed grains in recent years. The upward trend in livestock production is expected to continue in 1965, due largely to a further prospective expansion for hog production. Some further increase appears likely for poultry, but this is not expected to be so large as the sharp increase that occurred in 1964. Expansion in livestock production is in prospect this year in most of the European countries which import substantial quantities of feed grains from the United States.



HIGHER DAIRY RESERVES RECOMMENDED . . .

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estimating reserve storage costs. CCC inventories are in commercial warehouses, with the Government identity maintained. Butter requires freezer storage, while cooler storage is used for cheese, and nonfat dry milk is held in dry storage. CCC stocks are located primarily in milk production areas with about four-fifths of year-end 1964 stocks being held in Minnesota, Wisconsin, Illinois, and Iowa. These stocks are held primarily in wholesale containers, rather than consumer-size packages.

Commercial storage rates are based on a fixed charge to cover in and out movement and a monthly charge for the time the commodity is stored. In addition, interest charges for products in store are a cost for CCC. During the fiscal year ended June 30, 1964, annual CCC storage and handling charges, based on the average of commodities in store, averaged about 2 cents per pound for butter, 1.7 cents for cheese, and 0.6 cent for nonfat dry milk. In addition to regular storage costs, rotation of stocks is necessary to maintain quality, even though dairy products can usually be stored for 2 years without quality changes. In spite of such care, 22 million pounds of nonfat dry milk was sold for animal feed, when the product was found unfit for human consumption.



Market Quotations

APRIL
1965

MINNESOTA - WISCONSIN PRICE SERIES	\$3.23
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.070
Average Price per lb. 92-score butter at Chicago	.5897
Average carlot prices non-fat dry milk solids roller and spray process, f.o.b. manufacturing plant	.1422

Prospects for Grain Consuming Animal Units In 65-66

The Feed Situation, Economic Research Service

The number of grain-consuming animal units on farms in 1965-66 may rise a little from the estimated 168 million being fed in the current October-September feeding year. If these prospects materialize and if the feeding level remains near that of the current feeding year, feed requirements would be a little higher in 1965-66. Small gains are anticipated in number of cattle on feed, hogs, and poultry; but the downward trend in dairy cattle probably will continue. The estimated number of animal units in the current feeding year is down about 2 million from those fed in 1963-64, due largely to a prospective 7 percent reduction in hogs.

All cattle on farms on January 1 rose to a record high 107.2 million head, up slightly from a year earlier, due to a 2-percent rise in beef cattle. This increase in beef cattle on farms was less than the average rate of 5 percent annually during 1958-64. Although dairy cattle num-

bers have steadily decreased in recent years, feeding rates per head have risen sharply. On February 1, grain and other concentrates fed daily to milk cows in herds kept by dairy reporters was 9.8 pounds, 8 percent higher than the year before and about 20 percent above the 1959-63 average.

Hog production in terms of grain-consuming animal units during 1964-65 is estimated to be down 7 percent from that in 1963-64, which, in turn, was down slightly from 1962-63. On March 1, the number of hogs and pigs on farms in the Corn Belt was down 8 percent from the year before. The fall pig crop was 8 percent less than a year earlier, with prospects for a similar reduction in hog farrowing during March-May.

Poultry production, in terms of grain-consuming animal units, generally has increased during recent years and a further rise is in prospect for 1965-66.

Room 505
79 East State Street
COLUMBUS, OHIO

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